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ABSTRACT

An examination of the goals of an effective employee appraisal system of an effective employee evaluation procedure is the focus of this paper.The paper discusses the purposes of the appraisal system and its objectivity (or lack of it), the selection of items to be judged, the standards for judging the performance of an employee, and the person whose job it should be to conduct the interview. The paper also lists 14 goals of appraisal systems--including such things as setting objectives for future performance, praising good work, and improving superior/subordinate relations. The paper describes three basic approaches for evaluating employees (tell-and-sell, tell-and-listen, and problem-solving). The conclusion discusses recommendations for conducting effective employee appraisals, including 10 criteria that effective employee evaluations should meet. (EL)

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EFFECTIVE APPRAISAL SYSTEMS

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ABSTRACT

In this paper I discuss philosophical questions regarding the purpose of appraisal feedback systems, what factors should be appraised, what method(s) should be used in appraisal, who should be involved in appraisal processes, and what standards should an employee be judged against.

Specific goals of an effective appraisal system are discussed, and a list of relevant goals is presented. Criteria for developing an effective feedback and appraisal system are analyzed. The paper concludes with a summary of suggestions for organizations and managers.

INTRODUCTION

Several years ago I worked in an oil-field production department of Southeast Kansas. I recall hearing the seasoned workers talk about the upcoming appraisal review. It was with negative anticipation to say the least. They did not respect the system and did not "buy into" the process. As one would return from the supervisor's office, he would say such things as, "I had mine chewed and you'll get yours tomorrow." I saw no change in behavior and no lasting effect from the system. In fact, the process was one of "rope jumping." One would jump up and say, "Yes, Mr. Boss," and jump down as he walked out the door with a nervous laugh returning to do the very same things. What's more, the supervisor appeared to give a sigh of relief, not monitor behavior for some time, and be as relieved as his subordinates that it was over for another year. Unfortunately, this system was not unique to that company or that supervisor. It appears that over 80 percent of supervisors using performance-evaluation systems are dissatisfied with them. Yet, almost every manager admits that some form of performance appraisal is important and continues to use them (Donaghy, 1984). Business, industry, government, and education need to assure that all management personnel are trained properly to give effective feedback to employees. Further, the appraisal system needs careful development philosophically and in methods of implementation. The purpose of this paper is to examine the goals of an effective appraisal system, and to make some suggestions as to what would produce an effective appraisal system.

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It is obvious that most people want to know two things from the appraisal process: (1) how they are doing in the eyes of their supervisor; and (2) what they must do to improve their chances for promotion, merit pay, etc. For self-motivated achievers this type of information is essential. A quality employee likely will keep a careful account of how to improve and better his/her chances of professional growth. For others this type of information can help produce motivation.

OVERVIEW

The normal appraisal procedure in many organizations involves the following steps: (1) supervisors discuss the need to evaluate employees; (2) supervisors complete written evaluations; (3) the immediate supervisor meets with the employee to discuss the evaluation; and (4) the employee has some opportunity to respond to the comments given. Unfortunately, in too many organizations, there are at least two major flaws in the process. This is an annual event, and there is little involvement of the employee in the criteria development.

Managerial appraisal can be referred to as the Achilles heel of young management development. What philosophic concerns should be addressed in training managers to be effective at appraisal?

BASIC PHILOSOPHIC ISSUES

Marion G. Haynes, an Employee Relations Associate with Shell Oil Company, writes, "For best results, performance appraisal should be done in a systematic, well-thought-out manner, rather than a haphazard, superficial one" (Haynes, 1978). Haynes suggests that careful planning goes into developing an effective appraisal system. Several questions can help us examine our philosophic positions.

Question One: What should be the basic purpose of the appraisal system? One extreme is to evaluate. The other extreme is to give feedback in order to improve employee performance. The first is done for promotion, merit pay, etc. The second polar extreme represents giving feedback on how the employee is doing as a basis of "coaching" or counseling for improvement. Many systems rely only on an annual appraisal that must serve as an evaluating device. This is unfortunate. A more complete system may include a regular evaluative component, but it functions primarialy to improve employee performance. Professional employees need effective feedback more than negative evaluations. Negative evaluations (criticism) promote defensive behaviors such as ego-protecting communications and not listening.

Question Two: Should the evaluation system be an objective system or a subjective system? Rating systems are very common. Forms of multi-variables that must be marked with subjective scores are

examples, such as 5 = Superior, 4 = Excellent, 3 = Acceptable, 2 = Substandard, and 1 = Unacceptable. An alternative to these subjective systems is Management By Objectives (MBO). Setting a target that can be objectively assessed at regular points is the heart of this approach. Goals should be realistic, challenging, subject to the employee's span of control, and obtainable (Odiorne, 1965). Unfortunately, many organizations proclaim that they use MBO and yet fail to involve the subordinates in planning and evaluating those goals. Dorothy Schaeffer supports this contention when she writes, "Another cause for failure is the manager who does not permit the subordinate to have equal voice in determining goals and objectives of his or her future performance" (Schaeffer, 1983). William Donaghy (1984) supported this when he wrote:

> MBO is very good in theory but has some problems in practice. It has been referred to as a "do it yourself hangman's kit." Both superiors and subordinates tend to set unrealistic goals. Another major problem is that the objectives set won't necessarily help the company reach its goals.

While there is much to be said for MBO, now used by about 50 percent of organizations (Donaghy, 1984), it is not as practiced a panacea.

It is unlikely that all behaviors that contribute to or frustrate success in an organization can be measured objectively. A combination of MBO and subjective evaluations can be designed, in conjunction with employee job descriptions, to cover adequately essential variables of employee performance.

Question Three: What items should be judged? Should personality factors be included? Should behavior surrounding the work situation be included? The best answer to these questions appears to be to "go easy" on either of them. In fact it is performance on the job that is most appropriate for evaluation. This is not to say that personality and non-task behaviors are totally unimportant, but rather that performance is not as subjective, as difficult to describe, or as subject to misunderstanding. Obviously, personality, behaviors, and performance are interrelated to a significant degree.

Question Four: Against what do we judge the performance of an employee? Should national or absolute standards be used? Should others who work at similar positions be a basis for comparison? Should your ideal view of the ideal employee be used? This is a difficult dilemma. Many systems have no basis for comparison. One defensible answer for a yardstick is against a carefully written job description and against objective, measurable criteria.

Question Five: Who should appraise? The most obvious answer is the immediate supervisor. Should peers or subordinates be involved? Should the employee evaluate him/herself? There are no easy answers to these questions. If we could afford a field review conducted by an objective superior from a parallel area we might approach an ideal answer. The cost in terms of time and money would be great. I believe a combination of supervisor and self evaluation is an appropriate answer for most situations. I believe the minimum requirement for an effective

evaluation begins with the employee's evaluating himself/herself, the immediate supervisor's separately evaluating the employee, and, together, their developing a file form of the evaluation for a permanent copy. Due-process procedures (right to attach disagreement) should be noted.

Once basic philosophic concerns have been decided, specific goals of the system should be determined.

GOALS OF APPRAISAL SYSTEMS

In order for appraisal feedback systems to be effective, clear goals need to be established. An effective system may have multiple goals from among the following:

1. to give feedback that lets the employee know where he/she stands
2. to praise good work
3. to improve superior/subordinate relations
4. to communicate the need for improvement of performance
5. to give the employee a sense of participation
6. to counsel and provide help
7. to reward specific contributions or ideas
8. to discover what employee is thinking
9. to assess the employee's future in the company
10. to serve as a record for that individual
11. to set objectives for future performance
12. to warn or otherwise reprimand
13. to get things off the chest
14. to persuade the employee to go in a new direction
15. others

Many of these objectives can be accomplished in conjunction with one another.

BASIC APPROACHES

In Norman R.F. Maier's book The Appraisal Interview: Three Basic Approaches published by University Associates in 1976, Maier details the three basic approaches as Tell and Sell, Tell and Listen, and Problem-Solving (Maier, 1976).

Tell-and-Sell Approach

The objectives of the Tell and Sell method are to communicate the employee evaluation as accurately as possible (Maier, 1976). The normal procedure of Tell and Sell approaches involves some pressure for the subordinate to accept the evaluation. Power is perceived. This approach assumes that the subordinate must be told how to improve, that the superior is qualified to evaluate and recommend, and that the subordinate perceives the threat of the supervisor's power. The basic format is (1) to let the subordinate know how the supervisor sees him/her doing, (2) to solicit the subordinate's acceptance of the evaluation, and (3) to get the subordinate to agree with the supervisor's

plan for improvement. Often there is not much emphasis on training and motivation. This approach tends to produce the "rope jumping" mentioned earlier. Perhaps young employees, inexperienced, and others who accept an authority symbol will respond for some time to this type of approach, but it tends to promote conservatism rather than positive, intrinsic change from within. Defensive behavior is likely to develop. Despite all the disagreeable qualities of the approach, it is the most common. Many managers will agree that this option is repugnant. They may be surprised, however, to learn that tapes of their appraisal interviews would show that they do more than nudge the subordinate to their way of thinking. Maier notes:

> The greatest risk, particularly where appraisals included middle and top management, occurs when the subordinate accepts the judgement of the superior and tries to please him rather than give his own best thinking to the job (Maier, 1976).

What is needed is an awareness of this potential to be pulled into trying to "sell" an evaluation of another to them rather than attempting to listen, to learn, and--together--to solve problems that otherwise may limit the usefulness of the employee and the production of the organization.

Tell-and-Listen Approach

The idea of the tell-and-listen interview is to communicate the appraisal to the employee and then wait for a response. This means that the interviewer covers the strong and less-strong points of the job performance during the first part of the interview. Points of discussion are postponed until later (Maier, 1976). To this point, there isn't much difference in content between tell-and-sell and tell-and-listen. However, the attitude of the presenter should be different.

Writers such as Douglas McGregor, Robert Blake and Jane Mouton, Jack Gibb, and Frederick Herzberg, no doubt, would argue that the attitude of the appraiser could make considerable difference in itself (McGregor, 1960; Blake & Mouton, 1946; Gibb, 1961; and Herzberg, 1966). It is very likely that those choosing a tell-and-sell approach will come from a Theory X background, will be low in people skills and high on task-completion needs, will produce defensive communication rather than maintain a supportive climate, and will not know how to produce genuine motivation from recognition of and full appreciation of work done.

At this point in the tell-and-listen method, the interviewer encourages the employee to disagree and express feelings. The objective is to allow the interviewee to release some feelings aroused by the information that she/he did not know. This process meets many of the goals outlined above. Obviously, the skills of effective listening comprehension, empathy, and active perception-checking are needed on the part of the supervisor to maximize the potential for cooperative feedback and future motivation.

This method is likely to produce a more productive relationship between superior and subordinate. The subordinate is likely to leave

with a more positive feeling and a better attitude toward the organization and a clear understanding of what he/she needs to do to be more valuable to the organization.

Problem-Solving Method

A third method for the design of an appraisal interview is the problem-solving approach. Here the supervisor becomes the helper. The situation, not the person, is the subject of the majority of the interview. Improving attitudes, changing job duties, changing the pattern of supervision, etc. can be subjects of the problem-solving approach.

If there is a failing of this approach it would be in the fact that necessary evaluation may not be communicated. Listening and problem-solving skills must be very sharp for this system to produce the desired effect.

Actually, a combination of tell and listen and problem-solving is possible. The problem-solving approach establishes an excellent climate in which to set future appraisal goals and appraisal intervals.

FINAL THOUGHTS

I recommend an approach that combines objective (MBO) approaches and more subjective evaluations. I suggest that the subordinate be asked to evaluate her/himself independently on the same forms that the manager is using. The forms can be laid side-by-side during the evaluation process, and wherever there is a difference of any significance there should be discussion. A third form, the file form, is then prepared during the tell-and-listen portion of the interview. If there is no agreement after discussion, the manager's evaluation will stand and the subordinate will be encouraged to attach her/his written comments and data. This is an open system.

It is important that appraisal be seen as a continuing process. Complimentary interviews should be held on a regular basis (Cangem & Claypool, 1978). Research shows that such items as achievement, recognition, growth, and responsibility are part of what motivates higher productivity.

Effective appraisal feedback should meet several important criteria. I believe these criteria should include the following:

1. Being based upon specifics, not generalities. Too many times general praise is used and a sense of "you say that to everyone" destroys the effectiveness. The same is true with negative criticism.

2. Being based upon performance rather than being about the person. Separating personal annoyances from what are job-related performance objectives produces less-defensive behaviors.

3. Using an 80/20 rule. The manager spends at least 80 percent of the appraisal time on the 20 percent of the items that would help the employee improve the most. It is not possible for most persons to work on more than four or five performance objectives during one period of time.

4. Making the appraisal balanced. Mixing specific suggestions for improvement with specific recognitions of work well done is ideal. Beginning with general praise keys an anticipation of negatives to come.

5. Being "up front" rather than behind the back. Discussions should not stray to other employees, comparisons with others, or any information about another person not present. Subordinates often wish to compare their performance with others. I do not believe allowing this comparison is a professional behavior on the part of the supervisor.

6. Sharing of descriptive information. Negative evaluations produce defensiveness more than listening. "I feel," "I observed," etc. openers may be helpful. "You should," "you ought" openers should be avoided. Remember to ask what you can do to help meet the employee's performance objectives. Provisional language is better than appearing certain.

7. Being immediate, but always well timed. Employees should never be reprimanded in front of their peer or subordinate group. Appraisal should not occur when either party is angry. These cautions override the value of immediate feedback. More often managers err in opting for delayed feedback even months later.

8. Basing the feedback upon something the subordinate can improve. Too often subordinates are expected to improve without attention to the how (means) of improvement. If an employee is working at capacity given the equipment and/or training at their disposal, it is unrealistic to expect significant improvement.

9. Using an effective appraisal feedback system based upon clear job description which stays with "performance-relevant" issues. Employees resent inconsistent criteria being applied in an impersonal manner. The job description, if clear and mutually accepted, should be the focal point of any evaluations.

10. Allowing for feelings to be expressed. Tears are not uncommon and are much better than defensive delayed anger. Provisions for a private place and adequate time to truly listen to the subordinates reactions are crucial to effectiveness. A discovery of personal problems may lead to productive counseling or referral. This is in line with the tell-and-listen approach previously discussed.

It is best to give feedback under positive conditions. Privacy is important. Giving feedback when neither of the parties are upset is necessary for effective communication. Donaghy (1984) suggests:

Since most performance interviews are more effective when they are informal, it is important to have a comfortable setting which helps relax participants and avoids the stress which commonly accompanies such interviews. Most interviewers like to hold performance interviews at the end of the day, so employees can go home and think about the improvement suggestions.

Recognition that "how" feedback is given is at least as important as what the "content" of feedback includes is important to improving appraisal processes. In other words, "the medium often is the message." Effective feedback is not negative criticism. Professional employees will resent information that is "imposed" upon them. They tend to respect information that is shared directly in a systematic and caring way. All these factors will combine to make for a more effective appraisal feedback system.

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